

Message Text

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PAGE 01 MANILA 11713 121813Z
ACTION EB-08

INFO OCT-01 EA-10 ISO-00 CIAE-00 COME-00 DODE-00
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E.O. 11652: N/A
TAGS: EWWT, RP
SUBJECT: SHIPPING DISCRIMINATION: PD 894 IS FINALLY
- AMENDED

REF: (A) MANILA 2311, (B) 77 MANILA 17179, (C) 77 MANILA
- 13415, (D) 77 MANILA 13279, (E) 77 MANILA 13059

SUMMARY. PRESIDENT MARCOS SIGNED P.D. 1466 ON JUNE 11, 1978, AMENDING P.D. 894, BY PROVIDING FOR A DIRECT LINK BETWEEN A CARGO AND ITS FINANCING TO BE ENTITLED TO PHILIPPINE FLAG PREFERENCES. WE HAVE SUCCEEDED NOT ONLY IN AVOIDING A CONFRONTATION OVER PD 894 BUT ALSO IN BEING BLESSED WITH AN AMENDATORY DECREE UTILISING A U.S. PRINCIPLE OF LINKAGE FOR SHIPPING PREFERENCES. END SUMMARY.

1. PRESIDENT MARCOS SIGNED PD 1466 ON JUNE 11, 1978 WHICH AMENDS PD 894 BY PROVIDING THAT ONLY CARGOES FINANCED OR GUARANTEED BY THE GOP OR ITS FINANCIAL INSTITUTIONS HAVE TO BE TRANSPORTED IN PHILIPPINE FLAG VESSELS. PD 894 HAD EARLIER PROVIDED THAT ANY FIRM ENJOYING A BNEFIT FROM THE GOP IS OBLIGED TO USE PHILIPPINE BOTTOMS TO TRANSPORT ITS CARGOES.

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PAGE 02 MANILA 11713 121813Z

2. OPERATING PROVISIONS OF PD 1466 ARE IN SECTION 3 WHICH READS AS FOLLOWS -- QUOTE ANY PERSONS, PARTNERSHIP, CORPORATION OR ENTITY GRANTED A LOAN OR CREDIT OR WHOSE OBLIGATION IS GUARANTEED BY THE GOVERNMENT OR ANY OF ITS FINANCIAL INSTITUTIONS, SHALL, UPON THE EFFECTIVITY OF THIS DECREE, UTILIZE THE SERVICES OF PHILIPPINE FLAG AIR

CARRIERS AND/OR VESSELS IN THE TRANSPORTATION OF PERSONS AND EXPORT AND IMPORT CARGOES BETWEEN THE PHILIPPINES AND A PLACE OUTSIDE THEREOF WHENEVER SUCH TRANSPORTATION AND/OR CARGO ARE PAID FROM THE PROCEEDS OF SUCH LOANS, CREDIT, OR/AND GUARANTEE. UNQUOTE.

3. THE IMPLEMENTING AGENCIES ARE DESIGNATED IN THE DECREE -- THE CIVIL AERONAUTICS BOARD AND THE FREIGHT BOOKING AND CARGO CONSOLIDATION CENTER OF THE PHILIPPINE SHIPPERS' COUNCIL. PROCEDURES FOR A WAIVER OF THE SHIPPING PREFERENCE REQUIREMENT ARE ALSO SET FORTH. COPIES OF THE DECREE ARE BEING POUCHED TO EA/PHL AND EB.

4. COMMENT. THE GOP HAS HAD A PAINFUL MEMORY OVER OUR CONFRONTATION ON PD 667 AND, WHILE IT HAS HESITATED A LONG TIME IN AMENDING PD 894, IT NONETHELESS DID NOT FULLY APPLY THE DISCRIMINATORY PROVISIONS OF PD 894. THAT IT HAS REMOVED THESE DISCRIMINATORY PROVISIONS OWES MUCH TO ITS REALIZATION THAT PD 894 WAS NOT ONLY DIFFICULT TO APPLY BUT ALSO WOULD PROVOKE A CONFRONTATION IF IT WERE TO BE FULLY APPLIED. THE CURRENT PD 1466 MEETS OUR POLICY NEEDS AND SATISFIES OUR SHIPPING COMPANIES, AND WE HOPE IT CONTINUES IN FORCE FOR MANY YEARS. END COMMENT. MURPHY

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